

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 DODE-00 PA-01 ICA-11 SP-02 OMB-01
TRSE-00 AID-05 /058 W
-----056867 022109Z /15

R 021953Z MAY 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 2514
INFO AMEMBASSY BOGOTA
USCINCLANT NORFOLK VA
USCINCSO QURRY HEIGHTS

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USCINCLANT FOR POLAD

E.O. 11652: N/A
TAGS: EFIN PEPR PINT ELAB PO VE

SUBJECT: THIS WEEK IN VENEZUELA

REFS: (A) CARACAS 4805, (B) CARACAS 4816

SUMMARY: ACCORDING TO A NATIONAL POLL, VENEZUELAN
PERCEIVE AN IMPROVED STANDARD OF LIVING. 1979 BUDGET
EXPENDITURES ESTIMATED AT BS 45.8 BILLION. DOCTORS
CONTINUE PRESSURE ON GOV WITH TWO-DAY WORK STOPPAGE.
NATIONAL TELEPHONE COMPANY LABOR TROUBLES REEMERGE.
LABOR RALLY FOR AD'S PINERUA DEMONSTRATES TRADITIONAL
GRASS ROOTS SUPPORT. PROTUGUESE PRESIDENT EANES VISITS
VENEZUELA. THE CAMPAIGN TRAIL: BITS AND PIECES. END SUMMARY.

1. VENEZUELAN PERCEIVE IMPROVED STANDARD OF LIVING
ACCORDING TO NATIONAL POLL.
A NATIONAL GALLUP POLL COMMISSIONED BY A POPULAR NEWSWEEKLY
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HAS CONCLUDED THAT THE AVERAGE VENEZUELAN BELIEVES HE IS
BETTER OFF NOW THAN HE WAS FIVE OR TEN YEARS AGO. OF THOSE
QUESTIONED, 65 PERCENT THINK THEY ARE EITHER BETTER
OFF THAN (39 PERCENT) OR IN THE SAME POSITION (26 PERCENT)
AS FIVE YEARS AGO. ONLY 35 PERCENT BELIEVE THE QUALITY OF
LIFE HAS DETERIORATED SINCE THEN. YOUNG PEOPLE UNDER 30
AND THOSE WITH AT LEAST A SECONDARY EDUCATION ARE THE MOST

POSITIVE ABOUT PRESENT VENEZUELAN CONDITIONS, WITH 42 PERCENT AND 44 PERCENT RESPECTIVELY AGREEING THAT THINGS HAVE IMPROVED OVER THE LAST FIVE YEARS. THE OVER 30 GENERATION AND THOSE WITH MINIMAL EDUCATION ARE LESS CONTENT -- 39 PERCENT AND 40 PERCENT RESPECTIVELY BELIEVE THEY ARE IN WORSE SHAPE NOW. SIXTY-ONE PERCENT OF THOSE OVER AGE 30 AND 60 PERCENT OF THE POORLY EDUCATED STILL THINK THEIR LIFE IS BETTER THAN OR EQUAL TO THAT OF FIVE YEARS AGO. GOING BACK TEN YEARS, THE POLL INDICATES THAT ACROSS THE SPECTRUM OF AGE, SOCIO-ECONOMIC STATUS AND EDUCATIONAL LEVEL, VIRTUALLY ALL VENEZUELAN AGREE THAT THE QUALITY OF LIFE HERE IS EQUAL TO OR BETTER THAN THAT IN 1968. INFLATION TOPPED THE LIST OF PROBLEMS FOR THOSE WHO BELIEVE LIFE IS WORSE IN VENEZUELA NOW COMPARED TO FIVE YEARS AGO. COMMENT: THE POLL WILL GIVE A BOOST TO THE AD PARTY WHICH, PUBLICLY AND PRIVATELY, HAS STRESSED THAT "VENEZUELAN HAVE NEVER HAD IT SO GOOD AND KNOW IT" IT ITS CAMPAIGN. IT ALSO INDICATES THE SENTIMENT OF YOUNG, FIRST TIME VOTERS IMPORTANT THIS ELECTION YEAR. THE POLL PROVIDES AT LEAST A PARTIAL COUNTER TO OPPOSITION CHARGES OF A STILL DETERIORATING STANDARD OF LIVING AND AD IS SURE TO USE IT FOR THAT PURPOSE. THE OPPOSITION MAY WELL ARGUE THAT IN A SOCIETY WITH RISING EXPECTATIONS LIKE VENEZUELA, AN OPINION WHICH EQUATES LIFE NOW WITH THAT OF FIVE OR TEN YEARS AGO IS A NEGATIVE ONE. PEOPLE ARE EXPECTING THEIR LIFE TO GET BETTER, NOT STAY THE SAME. ALSO, THE POLL INDICATES THAT THE GREATEST PERCENTAGE OF THOSE BELIEVING LIFE IS WORSE

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BELONG TO THE POOREST AND LEAST EDUCATED GROUPS, A CLASS THE INCUMBENT AD PARTY HAS PLEDGED TO ELEVATE. A SIGNIFICANT MINORITY OF THESE LWOWER INCOME GROUPS PERCEIVE THINGS AS WORSE, A FACT WHICH WILL TEMPER SOME OF AD'S CROWING OVER THE POLL'S RESULTS. AS WITH MOST POLLS, THE NUMBERS CAN BE INTERPRETED IN VARIOUS WAYS AND LABELED INCOLCLUSIVE, BUT, THIS TIME AT LEAST, INCONCLUSIVE IN AD'S FAVOR.

END COMMENT.

2. 1979 BUDGET EXPENDITURES ESTIMATED AT BS 45.8BILLION. THE 1979 PRELIMINAR BUDGET BILL, TO BE SUBMITTED TO CONGRESS FOR CONSIDERATION SOMETIME DURING THE NEXT TWO WEEKS, CALLS FOR TOTAL EXPENDITURES OF BS 45,790 MILLION (\$10.6 BILLION), INCLUDING BS 39,900 MILLION IN ORDINARY EXPENDITURES AND ALMOST BS 6 6 BILLION IN ADDITIONAL CREDITSFOR CAPITAL EXPENDITUES. FOR PURPOSES OF COMPARISON, THE ORIGINAL 1978 BUDGET BILL CALLED FOR EXPENDITURES TOTALLING BS 44,930 INCLUDING BS 4,051 IN ADDITIONAL CREDITS. HOWEVER, THE ACTUAL LEVEL OF EXPENDITURES DURING ANY YEAR USUALLY EXCEEDS AMOUNTS STATED IN THE ORIGINAL BUDGET BILL, OFTEN BY AS MUCH AS 20 OR 30 PERCENT. ACCORDING TO PRESS REPORTS, MAJOR INCREASES IN FUNDS WENT TO THE MINISTRIES OF EDUCATION,

HEALTH AND SOCIAL WELFARE, AND DEFENSE.

3. DOCTORS CONTINUE PRESSURE ON GOVERNMENT WITH TWO-DAY
WORK STOPPAGE.

THE VENEZUELAN MEDICAL FEDERATION (FMV) HAS ESCALATED TRADE
UNION ACTION IN ITS DISPUTE WITH THE HEALTH MINISTRY BY
CALLING A WORK STOPPAGE JUNE 1-2 BY THE 8,200 DOCTORS
EMPLOYED BY THE MINISTRY. ACTION STARTED WITH A ONE-DAY
STRIKE MAY 26 (CARACAS 4791) AND THE FMV THREATENS AN
ADDITIONAL THREE-DAY STRIKE NEXT WEEK IF ITS DEMANDS ARE NOT
SATISFIED. THE GOVERNMENT HAS DECREED A SALARY INCREASE
VARYING BETWEEN 20-30 PERCENT AND THE CENTER OF THE DISPUTE
NOW FOCUSES ON SUCH NON-SALARY ISSUES AS JOB CLASSIFICATION,
PENSIONS, THE RIGHT TO ENGAGE IN COLLECTIVE CONTRACTS, PLANS
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FOR GOVERNMENT FINANCING OF HOUSING PURCHASES AND THE SUSPEN-
SION OF PRESIDENTIAL INSTRUCTION 35 WHICH PERMITS THE GOV
TO WITHHOLD WAGES OF DOCTORS ON STRIKE AND, IF WARRANTED,
TO FIRE THEM. APPARENTLY, MOST MINISTRY DOCTORS FROM THE
ACCION DEMOCRATICA PARTY ARE NOT PARTICIPATING IN THE WORK
STOPPAGE. THE GOV SAYS IT IS WILLING TO NEGOTIATE SOME FMV
DEMANDS BUT CANNOT MAKE SPECIAL PROVISIONS FOR DOCTORS ON
ITEMS OF GENERAL APPLICATION TO THE PUBLIC SERVICE SUCH AS
PENSIONS AND HOUSING LOANS. COMMENT: AN EARLIER SETTLEMENT

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SEEMS POSSIBLE IF THE GOVERNMENT WILL AGREE NOT TO APPLY INSTRUCTION 35 AND TO GRANT IMPROVEMENTS IN JOB-CLASSIFICATION AND OTHER AREAS WHERE THE GOVERNMENT CONSIDERS IT HAS FLEXIBILITY. END COMMENT.

4. TROUBLE IN NATIONAL TELEPHONE COMPANY (CANTV) REEMERGES. NEW ADVERTISEMENTS IN NEWSPAPERS INDICATE THAT THE CONFLICT BETWEEN THE LEFTIST-DOMINATED ASSOCIATION OF PROFESSIONAL EMPLOYEES AND CANTV MANAGEMENT WAS NOT SUCCESSFULLY PAPERED OVER AFTER ALL. IN FACT, IT MAY HAVE ESCALATED. A DRAFT OF A NEW ADVERTISEMENT TO BE PLACED THIS WEEKEND AGAIN ACCUSES CANTV MANAGEMENT OF KNUCKLING UNDER TO THE SALES PROMOTION EFFORTS OF ARIOUS TRANSNATIONALS OFFERING ELECTRONICS SWITCHING EQUIPMENT. A GOOD SOURCE TELLS THE EMBASSY THAT THE GOVERNMENT NOW CONSIDERS THIS A BLATANT EFFORT BY THE ENGINEERS TO TAKE OVER CANTV. REPORTEDLY PRESIDENT PEREZ MET WITH THREE KEY MINISTERS AND DECIDED TO FIRE FORTY MORE ENGINEERS. COMMENT: AN ACCION DEMOCRATICA TRADE UNION SOURCE ALSO AFFIRMS THAT THE PROFESSIONAL STAFF HAS BEEN "GETTING AWAY LIMITED OFFICIAL USE

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WITH MURDER" ON DISCIPLINE. NEVERTHELESS, THE PROFESSIONALS SEEM CONFIDENT THAT THEY HAVE A CASE AGAINST THE MANAGEMENT ON CONFLICT OF INTEREST WITH POTENTIAL SUPPLIERS. THEREFORE, THE GOV MAY HAVE MIXED MOTIVES IF IT, IN FACT, FIRES ADDITIONAL ENGINEERS: TO GET RID OF TROUBLEMAKERS AND TO QUASH CHARGES OF POSSIBLE CORRUPTION ON THE PART OF THE AD MANAGEMENT. CLEARLY, PLENTY OF ELECTION YEAR POLITICS ARE INVOLVED. END COMMENT.

5. LABOR RALLY FOR PINERUA
ACCION DEMOCRATICA (AD) FLEXED ITS MUSCLES IN THE TRADE UNION AND CAMPESINO (SMALL FARMERS AND HIRED HANDS) MOVEMENTS WITH A RALLY IN CARACAS MAY 30. OVER 3,000 DELEGATES REPRESENTING 8,000 PLU CAMPESINO AND TRADE UNION "PINERUA FOR PRESIDENT" COMMITTEES HEARD AD PRESIDENTIAL CANDIDATE LUIS PINERUA EXPLAIN HIS PROGRAM FOR LABOR. THE COMMITTEES CLAIM TO HAVE MOBILIZED 1 MILLION LABOR VOTES FOR PINERUA WITH MORE TO COME. JOSE VARGAS, PRESIDENT OF THE CONFEDERATION OF VENEZUELAN WORKERS, AND FRANCISCO VARGAS MUNOZ OF THE CAMPESINO FEDERATION PROMISED THAT THE SUPPORT OF THEIR AD COMMITTEES WOULD MAKE PINERUA THE NEXT PRESIDENT OF VENEZUELA. PINERUA IN HIS ADDRESS SPOKE PRINCIPALLY IN GENERALITIES OF THE WEIGHT LABOR CARRIES IN THE SOCIAL AND ELECTORAL FIELDS AND ENDORSED VARGAS' CALL FOR GREATER

DISTRIBUTION OF WEALTH AND HIGHER PRODUCTIVITY IN HIS GOVERNMENT. HE INTRODUCED SEVERAL SPECIFIC PROPOSALS: (1) REFORM OF THE 1936 LABOR LAW (A PROJECT DISCUSSED FOR MAY YEARS) (2) INCREASE IN THE CURRENT CEILING OF TWO MONTHS PAY FOR EACH WORKER UNDER THE LEGISLATED PROFIT-SHARING SCHEME. HE INDICATED THAT SOME OF THE EXTRA BENEFIT WOULD GO INTO A NEW SOCIAL DEVELOPMENT FUND WHICH, AMONG OTHER PROJECTS, WOULD BUILD "HUNDREDS OF THOUSANDS" OF NEW HOUSING UNITS FOR WORKERS. (3) A ONE PERCENT PAYROLL TAX LIMITED OFFICIAL USE

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TO BE USED TO RUN DAY CARE CENTERS FOR CHILDREN OF WORKING PARENTS. COMMENT: THE RALLY MERELY RATIFIED THE IMPORTANCE TO AD OF ITS TRADE UNION AND CAMPESINO SUPPORT. SOME 60-70 PERCENT OF THE NATION'S TRADE UNIONISTS AND PROBABLY A HIGHER PERCENTAGE OF CAMPESINOS OWE ALLEGIANCE TO THE AD PARTY. THE CLAIM OF A MILLION COMMITTED TRADE UNIONISTS FOR PINERUA MAY BE SOMEWHAT EXAGGERATED BUT THERE IS LITTLE QUESTION THAT A SUBSTANTIAL MAJORITY OF THE CLAIMED 2 MILLION ORGANIZED WORKERS AND CAMPESINOS WILL GO AD. PINERUA'S PROMISES WERE MODERATE AND ARE UNLIKELY TO UNDULY ALARM BUSINESS. END COMMENT.

6. PORTUGUESE PRESIDENT VISITS VENEZUELA. PORTUGUESE PRESIDENT RAMALHO EANES MADE AN OFFICIAL THREE-DAY VISIT TO VENEZUELA MAY 27-30, DURING WHICH HE HELD ECONOMIC AND TRADE TALKS WITH PRESIDENT PEREZ. AT THE CONCLUSION OF THE WELL-PUBLICIZED VISIT, A COMMUNIQUE AND SEVEN CULTURAL, ECONOMIC AND TRADE ACCORDS WERE SIGNED, THE MOST IMPORTANT BEING AN AGREEMENT FACILITATING THE CONTRACTING AND IMMIGRATION OF SKILLED PORTUGUESE LABORERS (AND FAMILIES) INTO VENEZUELA. THE 18-POINT IMMIGRATION AGREEMENT ALSO SET UP THE SCREENING PROCEDURES AND MECHANISM FOR IMPLEMENTING THE ACCORD. (SEE CARACAS 4970 TO LISBON).

7. THE CAMPAIGN TRAIL: BITS AND PIECES. WITH THE EXCEPTION OF A LABOR RALLY HELD IN CARACAS FOR AD CANDIDATE PINERUA, LOW KEY CAMPAIGNING IN THE CITY, WITH OCCASIONAL FORAYS OUT TO THE PROVINCES WAS THE NAME OF THE GAME THIS WEEK FOR THE CANDIDATES. THE VISIT OF PORTUGUESE PRESIDENT EANES DOMINATED PRESS ATTENTION, WITH PINERUA TAKING TIME OUT OF HIS CAMPAIGN TO TAKE PART IN ACTIVITIES PLANNED FOR THE PORTUGUESE PRESIDENT. DIEGO ARRIA CONTINUED EFFORTS TO PULL TOGETHER A CAMPAIGN ORGANIZATION, PICKING UP (WITH APPROPRIATE FANFARE) THREE FORMER CAMPAIGN BACKERS OF RENNY OTTOLINA. SINCE OTTOLINA'S DEATH, HIS DAUGHTER AND HIS CAMPAIGN MANAGERS HAVE ATTEMPTED TO HOLD THE ORGANIZATION LIMITED OFFICIAL USE

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TOGETHER. RHONA OTTOLINA PUBLICLY WISHED A POX ON BOTH CANDIDATES (ARRIA AND OLAVARRIA) FOR TRYING TO PASS THEMSELVES OFF AS HEIRS TO OTTOLINA'S INDEPENDENT MOVEMENT (MIN) AND CAMPAIGN ORGANIZATION. (SEE REFTEL B).

8. OTHER REPORTING THIS WEEK INCLUDED BIO INFORMATION ON VENEZUELAN AMBASSADOR TO KUWAIT (CARACAS 4875), ANNUAL LABOR REPORT POSTPONED (CARACAS 4882), TRAVEL OF ED DENNISON OF DEVELOPMENT ASSOCIATES (CARACAS 4484), PRESIDENT PEREZ SEEKS TO INFORM USG ON PANAMIANA POLITICAL SITUTATION (CARACAS 4885), PRESIDENT EANES OF PORTUAGAL VISITS VENEZUEAL (CARACAS 4970), SCIENCE ATTACHE PROGRAM AND GLOVAL ISSUES (CARACAS 4790), BILATEAL FISHERIES DISCUSSIONS (CARACAS 4618), NUCLEAR FUEL FOR VENEZUELAN RESEARCH REACTOR (CARACAS 4887), VNENEZUELAN AID TO PROTUGAL (CARACAS 4925), AND A POTENTIAL REIMBURSABLE DEVELOPMENT PROGRAM: URBAN PLANNING/HUD (CARACAS 4926).
VAKY

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Message Attributes

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